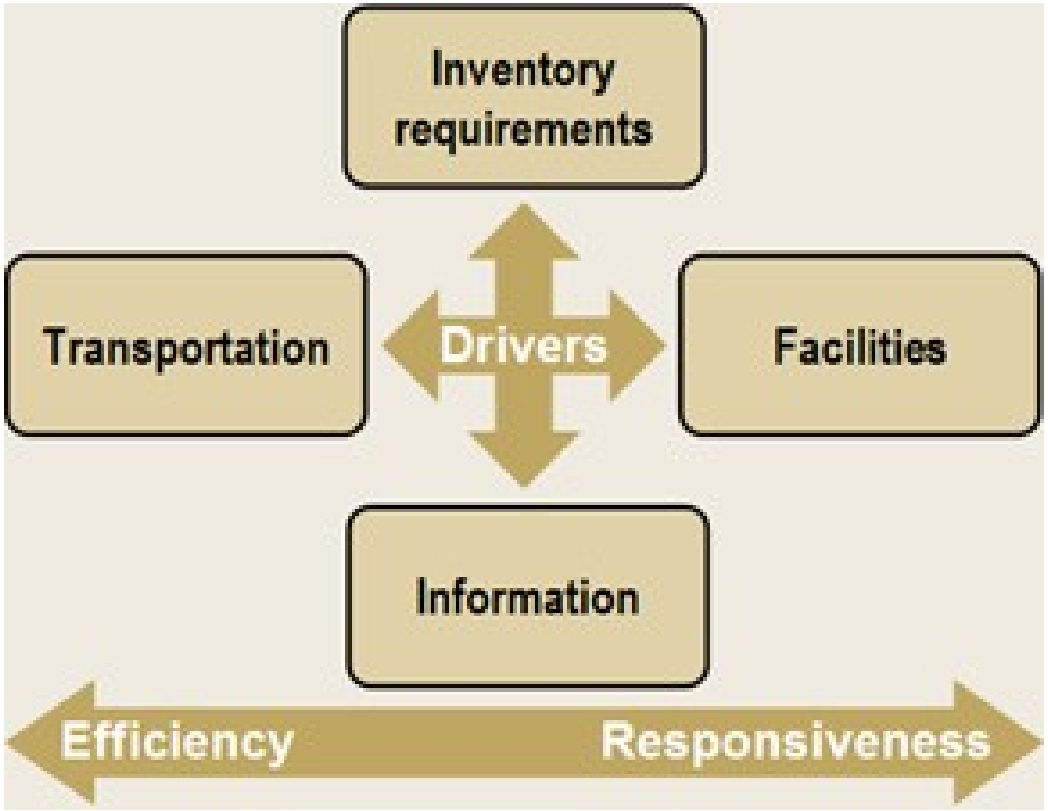
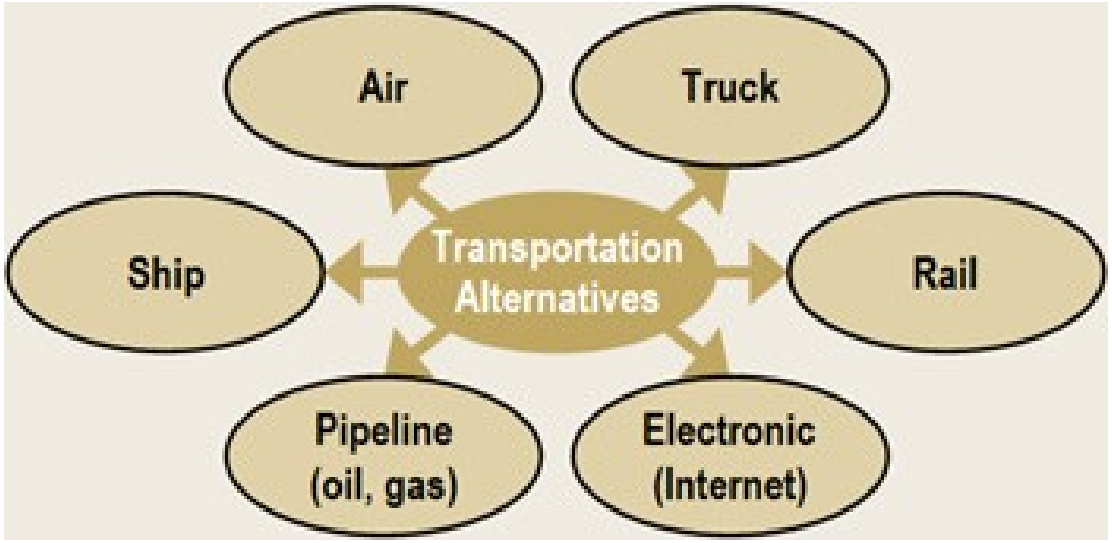
The Four Drivers of Supply Chain Performance



Driver 1: Inventory Requirements

- **Inventory "stockage" exists in all supply chains because of a mismatch between supply and demand**
- **Inventory plays a significant role in a supply chain's ability to support a firm's competitive strategy**
- **A supply chain manager must make routine decisions to create a more responsive and more efficient supply chain**

Driver 2: Transportation



- **Transportation moves the product between different locations in a supply chain**
- **Transportation is prominent in a company's competitive strategy**
- **The fundamental trade-off for transportation is cost (efficiency) versus speed (responsiveness)**

Driver 3: Facilities

- **Facilities include all locations in the supply chain to store, assemble, or fabricate inventory**
- **Decisions regarding location, capacity, and flexibility of facilities significantly affect supply chain performance**
- **In DoD, depot and field repair facilities are cornerstones of the supply chain**

Driver 4: Information

- **Information serves as the connection between the supply chain's various stages**
- **Information and information systems are an important part of balancing responsiveness versus efficiency**
- **Businesses must trade-off between efficiency and responsiveness when trying to include more supply chain information**